



opi.mt.gov

**Montana
Office of Public Instruction**
Denise Juneau, State Superintendent

Office of Public Instruction
P.O. Box 202501
Helena, MT, 59620-2501
(406) 444-3095
(888) 231-9393
(406) 444-0169 (TTY)
opi.mt.gov

To: District Clerks/Business Managers, District Superintendents
From: Adam Anfinson, Financial Specialist
School Finance Division
Date: August 27, 2009
Subject: **Extended application period for Qualified Zone Academy Bonds (QZABs)**

The American Recovery and Reinvestment Act (ARRA) of 2009 recently extended and expanded authority for Qualified Zone Academy Bonds (QZABs), a type of tax credit bond first authorized in 1997. QZABs are bonds the Federal Government subsidizes by allowing bondholders to receive tax credits that are approximately equal to the interest that would typically be paid to the holder of taxable bonds. As a result, issuers are generally responsible for repayment of just the principal only. A letter from the Department of Education regarding the program can be read at <http://www.ed.gov/policy/gen/guid/secletter/090529.html>.

States and LEAs have considerable flexibility in the use of QZABs. They may be used for rehabilitating or repairing school facilities, purchasing equipment, developing curricula, and training school personnel, but not for new construction. To meet QZAB eligibility criteria, a public school must be located in either an Empowerment Zone or an Enterprise Community or have at least 35 percent of its students eligible for free or reduced-price lunch under the Federal lunch program (National School Lunch Act). The school must also have an education program designed in cooperation with a business; receive a private contribution (which may be in-kind), the net present value of which is not less than 10 percent of the proceeds of the bond; and have an education plan that is approved by its LEA; and its students must be subject to the same standards and assessments as other students in the LEA.

The school must also have an education program designed in cooperation with business; receive a private contribution (which may be in-kind), the net present value of which is not less than 10 percent of the proceeds of the bond; and have an education plan that is approved by its LEA; and its students must be subject to the same standards and assessments as other students in the LEA.

The Montana Office of Public Instruction (OPI) has \$3,171,150 in remaining 2009 QZAB authority to allocate to Montana school districts. Please note that an approved QZAB request does not result in any payment from the OPI to an applicant school district. An approved allocation request allows a school district to designate a future bond issuance as a QZAB, which allows the school district to benefit from the reduced interest costs.

The application period for QZABs is now open. Completed applications must be received by the OPI by [November 1, 2009](#) in order to be considered. Districts will be informed of any approved allocation requests by November 10.

One of the goals of the American Recovery and Reinvestment Act of 2009 is to stimulate the economy, and as a result, QZAB authority will be allocated to school districts that will be able to quickly utilize the program. The OPI has selected criteria that we believe are most likely to result in the successful sale of QZABs. Priority for application approval will be applied in the order shown below.

1. District has available debt capacity to support requested QZAB allocation request
2. District has received voter approval to issue bonds
3. District intends to issue without the need for voter approval (indicate on application)
4. District has an earlier anticipated election date than other applicants

2009 QZAB authority must be issued before December 31, 2011, or the unused allocation expires and cannot be used. Any district receiving a QZAB allocation must inform OPI by [May 10, 2010](#) of their anticipated bond issuance date. The OPI reserves the right to reallocate any district's QZAB authority, if the district cannot demonstrate that it is progressing with the project. The ARRA extended and expanded QZAB authority to levels that have not been seen before. The demand is unknown, and the OPI may need to allocate less bond authority than initially requested by the district.

The application is enclosed with this letter. If interested, please complete the application and submit to the OPI by [November 1, 2009](#). Please read the application carefully to take note of specific requirements of the program, as well as limitations on the amount of authority your district is able to request.

If you have any questions regarding this program, please contact me at (406)-444-4524, or by e-mail at aanfinson@mt.gov.



Montana
Office of Public Instruction
Denise Juneau, State Superintendent

opi.mt.gov

**QUALIFIED ZONE ACADEMY
BOND PROGRAM ALLOCATION
REQUEST APPLICATION**

CERTIFICATION OF ELIGIBILITY

Completed applications must be received by the Montana Office of Public Instruction by **November 1, 2009** in order to be considered. Districts will be informed of any approved Qualified Zone Academy Bond (QZAB) allocation requests by November 10, 2009.

The Governing Board of the enclosed school district certifies that the named applicant satisfies Criterion 1 (either a or b) and Criteria 2 - 4 inclusive, with the appropriate boxes checked.

District Name	Contact Person
Address	Title
City State ZIP	Telephone
Date of Submission	E-Mail
Date the district received voter approval to issue bonds	If election not yet held, when is the anticipated election date?
Financial Advisor Firm and Contact Person	Bond Counsel Firm and Contact Person

Criterion 1: Qualified by virtue of location or composition of student body

☐

a) Location

The applicant is located in the Fort Peck Assiniboine and Sioux Tribe Enterprise Community located within Roosevelt County, Valley County and the Fort Peck Indian Reservation.

OR

☐

b) Composition

That at the time of application, and with the reasonable expectation as of the date of issuance, that at least 35 percent of the students attending the named applicant and participating in the program will be eligible for free or reduced-price lunches established under the National School Lunch Act.

Criterion 2: Qualified by virtue of private business contribution(s)

☐

The eligible district has written commitments (must be included with this application) from:

(a) Private entity(ies) that will make qualified contributions having a present value as of the date of issuance of not less than 10 percent of the proceeds of the issue, including such items as:

- Equipment for use in the academy including state-of-the art technology and vocational equipment,
 - Technical assistance in developing curriculum, or training teachers and professional staff to promote appropriate market-driven technology in the classroom,
 - Volunteer mentors and mentorships,
 - Internships, field trips, or other educational opportunities outside the academy for students, and/or
 - Any other property or service specified by, and acceptable, to the eligible local education agency.
- Please note that the school district must have written verification on file at the school district main office before any QZAB can be issued.
- 10 percent match letter MUST be included with this application to OPI.

Criterion 3: Qualified by virtue of characteristics of the program



The public school, district or academic program within a public school is established by and operated under the supervision of an eligible local education agency (as defined in Section 14101 of the Elementary and Secondary Education Act of 1965) to provide education or training below: the postsecondary level; and, Such school or program is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and an increasingly complex workforce; and, Students in the academy are subject to the same academic standards and assessments as other students educated by the local school system; and, The comprehensive education plan of the school or program is approved by the Office of Public Instruction.

Criterion 4: Qualified by virtue of use of proceeds



For purposes of the application, the proceeds of the QZABs can be used for:

- Rehabilitating or repairing the public school facility in which the academy is established,
- Providing equipment for use at such academy,
- Providing instructional materials, and
- Providing teacher professional development.

AMOUNT OF AUTHORIZATION REQUESTED \$500,000 MINIMUM, \$1 MILLION MAXIMUM

\$ _____
Amount of QZAB Request

\$ _____
Amount of Remaining Debt Capacity (Before QZAB Request)

I certify that this project will be administered in compliance with the criteria contained in this application, with state and federal laws and regulations applicable to the use of any QZAB proceeds. I certify that the information in this application is accurate and complete to the best of my knowledge, and that the Governing Board of the above named applicant has authorized me to sign this application on its behalf.

Signature
Designated Contact Person

Signature
Superintendent
Principal (if there is no Superintendent)
County Superintendent (if there is no Superintendent or Principal)

Mail Application and 10 percent match letter To:

Adam Anfinson
Financial Specialist
Montana Office of Public Instruction
PO Box 202501
Helena, MT 59620-2501

Contact Information:

Telephone: (406) 444-4524
E-mail: aanfinson@mt.gov
Fax: (406) 444-0509

Montana Office of Public Instruction Use Only

Request for allocation of Qualified Zone Academy Bonds approved this _____ day of _____, 20____, in the amount of \$_____.

Request approved by _____.